

H.11

October 27, 1955

CAPITAL MARKET DEVELOPMENTS

Corporations offered 75 million dollars and State and local governments floated 58 million dollars of large issues for new capital during the week ending October 21. Large issues expected this week total 546 million dollars for State and local governments, an amount which includes proceeds from the Illinois Turnpike Authority offering of 415 million and the Public Housing Authorities issue of 122 million. The corporate calendar of large offerings totals 58 million dollars.

The Illinois State Toll Highway Commission sold the 40-year turnpike issue with a coupon of 3 3/4 per cent. As a result of a legal action which developed on Tuesday opposing the sale of the bonds, the State must clear the bonds of all litigation within 45 days, with a provision for a 45-day extension, or the underwriters will be freed of all obligation to purchase the bonds. The bonds were reoffered at par by the underwriters contingent on the clearance.

Bond yields - Outstanding corporate and State and local government high-grade bond yields decreased slightly while Treasury obligation yields rose slightly during the week ending October 21.

A moderate decrease occurred in State and local government Baa bond yields. Yields on corporate Baa and State and local government revenue bonds remained stable.

Daily figures indicated that U. S. Government bond yields dropped on Monday and remained steady on Tuesday of this week.

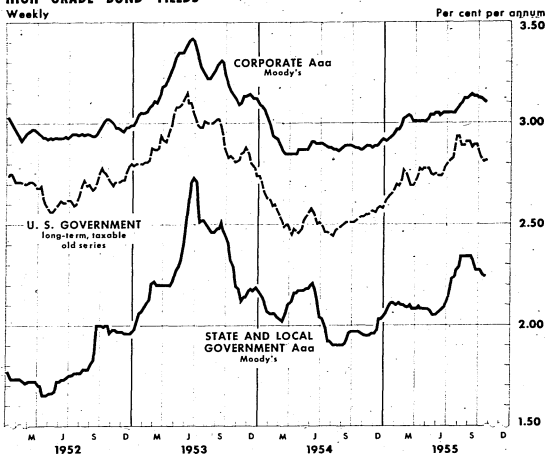
The yield on a new Aa-rated 30-year first mortgage electric power bond offered last week was seven basis points higher and the yield on an A-rated bond was seven basis points lower than yields on outstanding bonds of somewhat shorter maturity. This spread for A-rated issues appears to have changed substantially since August and September, though there have been only three such issues since early June.

Stock prices - Stock prices, as measured by the SEC index of 265 common stocks, rose 6.9 points last week in a moderately small volume of trading. Prices rose on Monday of this week but decreased on Tuesday and Wednesday according to daily indexes.

Business Finance and Capital Markets Section,
Division of Research and Statistics,
Board of Governors of the Federal Reserve System.

EXHIBIT A

HIGH-GRADE BOND YIELDS



Date	Corporate Aaa ^{1/}	U. S. Govt. long-term ^{2/}	State and local govt., Aaa ^{3/}	Spread between U. S. Govt. and	
				Corporate Aaa	State and local Aaa
	(Per cent)				
1952 - High	3.03 (1/4)	2.79 (12/27)	2.00 (10/23)	.37	1.02
Low	2.91 (2/15)	2.56 (5/17)	1.65 (5/1)	.19	.71
1953 - High	3.42 (6/19)	3.15 (6/6)	2.73 (6/25)	.38	.84
Low	2.99 (1/9)	2.78 (12/26)	1.98 (1/8)	.19	.30
1954 - High	3.09 (1/8)	2.74 (1/9)	2.21 (6/10)	.43	.61
Low	2.85 (4/23)	2.44 (8/7)	1.90 (9/2)	.32	.29
1955 - High	3.14 (9/9)	2.94 (8/5)	2.34 (9/8)	.34	.70
Low	2.91 (1/7)	2.62 (1/7)	2.05 (5/26)	.13	.54
September 23	3.13	2.89	2.27	.24	.62
September 30	3.12	2.86	2.27	.26	.59
October 7	3.12	2.83	2.27	.29	.56
October 14	3.11	2.81	2.25	.30	.56
October 21	3.10	2.82	2.24	.28	.58

^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

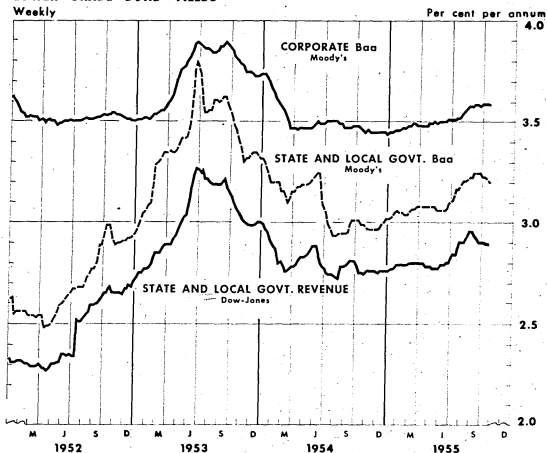
^{2/} Weekly average of daily figures; old series. Average term to first call of bonds included is 11-14 years.

^{3/} Thursday figures. Only general obligation bonds are included; average term is 20 years.

Note.—Highs and lows are for individual series and may be on different dates for different series.

EXHIBIT B

LOWER-GRADE BOND YIELDS



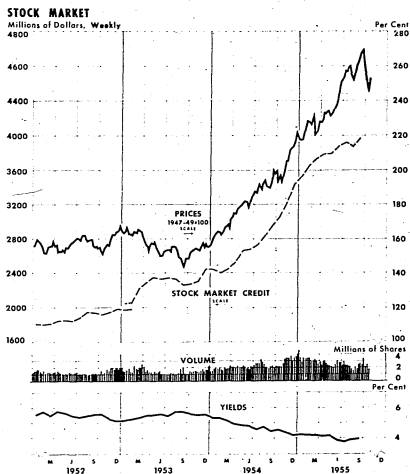
Date	Corporate Baa ^{1/}	State and local govt. Baa ^{2/}	State and local govt. rev. ^{3/}
	(Per cent)		
1952 - High	3.63 (1/4)	2.98 (10/23)	2.69 (12/19)
Low	3.48 (5/16)	2.48 (4/17)	2.27 (4/25)
1953 - High	3.89 (9/18)	3.79 (6/25)	3.27 (6/26)
Low	3.50 (1/2)	2.96 (1/8)	2.71 (1/2)
1954 - High	3.74 (1/8)	3.32 (1/7)	3.00 (1/1)
Low	3.44 (12/31)	2.93 (8/5)	2.72 (8/13)
1955 - High	3.59 (10/21)	3.25 (9/22)	2.95 (9/2)
Low	3.45 (1/14)	3.02 (1/6)	2.76 (1/7)
September 23	3.58	3.25	2.90
September 30	3.59	3.23	2.90
October 7	3.59	3.23	2.90
October 14	3.59	3.22	2.89
October 21	3.59	3.20	2.89

^{1/} Weekly average of daily figures. Average term of bonds included is 25-26 years.

^{2/} Thursday figures. Only general obligation bonds are included; average term is 20 years.

^{3/} Friday figures. Average rating of bonds included is between Baa and A; average term is 20 years.

Note.—Highs and lows are for individual series and may be on different dates for different series.



Date	Stock price index ^{1/}	Trading volume ^{2/} (millions of shares)	Common stock yields ^{3/} (Per cent)	Stock market customer credit		
				Total	Customers' debit balances ^{4/}	Bank loans to "others" ^{5/}
(Millions of dollars)						
1952 - High	165.3 (12/26)	2.0	5.77	1,986	1,332	656
Low	151.7 (10/24)	0.9	5.13	1,804	1,241	552
1953 - High	167.1 (1/2)	2.5	5.75	2,445	1,665	780
Low	144.0 (9/18)	0.9	5.15	2,055	1,314	664
1954 - High	221.4 (12/31)	3.7	5.33	3,436	2,388	1,048
Low	156.5 (1/6)	1.4	4.20	2,405	1,653	746
1955 - High	269.7 (9/23)	4.6	4.22	3,966	2,805	1,177
Low	217.4 (1/14)	1.5	3.78	3,537	2,517	1,018
August	254.5	1.8	3.91	3,865	2,710	1,155
September	263.6	2.9	3.93	3,966	2,805	1,161
October 7	251.2	2.1	n.a.	n.a.	n.a.	1,148
October 14	245.9	2.4	n.a.	n.a.	n.a.	1,159
October 21	252.8	1.7	n.a.	n.a.	n.a.	n.a.

^{2/} Revised

n.a.—Not available.

^{1/} SBC index of 265 common stocks, weekly closing prices, 1939=100; converted to 1947=100 by Federal Reserve. The conversion factor is 123.91.

^{2/} Averages of daily trading volume on the New York Stock Exchange.

^{3/} Moody's 200 common stocks; end of month figures.

^{4/} End of month figures for member firms of the New York Stock Exchange which carry margin accounts; excludes balances secured by U. S. Government obligations.

^{5/} Wednesday figures for weekly reporting member banks. Excludes all loans for purchasing or carrying U. S. Governments for 1952; since 1953 only these loans at banks in New York and Chicago are excluded. Weekly reporting banks account for about 72 per cent of loans to others.

Note.—Highs and lows are for individual series and may be on different dates for different series.

Corporate and State and Local Government
Security Offerings and Placements

(In millions of dollars)

	New capital					
	Corporate			State and local		
	1955	1954	1953	1955	1954	1953
January	546	547	623	535	396	390
February	436	426	623	312	411	360
March	1,261	635	666	538	565	426
April	494	497	779	427	734	329
May	903	656	675	350	748	649
June	697	842	1,123	641	853	434
July	531	909	483	470	279	519
August	e/750	335	325	e/235	261	259
September	e/750	747	753	e/390	649	475
October	e/1,250 ^{1/}	1,003	577	e/900	594	453
November		290	429		423	408
December		604	1,438 ^{2/}		877	774
1st quarter	2,243	1,608	1,912	1,385	1,372	1,176
2nd quarter	2,094	1,995	2,578	1,418	2,334	1,412
3rd quarter	e/2,030	1,991	1,561	e/1,095	1,188	1,253
4th quarter		1,896	2,444 ^{2/}		1,894	1,636
Year		7,490	8,495		6,789	5,477
	Excluding finance companies ^{3/}					
1st quarter	1,791	1,527	1,669			
2nd quarter	1,912	1,927	1,991			
3rd quarter	e/1,555	1,911	1,223			
4th quarter		1,792	2,344			
Year		7,158	7,227			

e/ Estimated.

^{1/} Includes 637.2 million dollar AT&T convertible debenture issue.

^{2/} Includes 602.5 million dollar AT&T convertible debenture issue.

^{3/} Total new capital issues excluding offerings of sales and personal finance companies.

Note.--Details may not add to totals due to rounding.

Large Public Security Issues for New Capital
(Other than U. S. Treasury) 1/

Proceeds of Large Issues Offered

(Millions of dollars)

Month	Corporate	State and local government	Other 2/
1954 - September	364	455	—
October	433	388	—
November	0	268	—
December	121	689	30
1955 - January	141	341	35
February	63	107	—
March	750	337	—
April	173	238	15
May	483	152	—
June	175	403	—
July	101	278	—
August	405	65	—
September	328	234	—

Large Individual Issues Offered October 1 through 21

Issuer	Type 3/	Amount (millions of dollars)	Maturity	Coupon rate or net interest cost	Offering yield	Rating
<u>CORPORATE</u>						
Public Service Electric and Gas	Deb.	35.0	1975	3 1/2	3.35	A
American Tel. & Tel.	Conv. deb.	637.2	1967	3 7/8	3 7/8	Aa
Southern Bell Tel. & Tel.	Deb.	30.0	1995	3 1/4	3.20	Aaa
Burlington Industries	Sub. conv. deb.	30.0	1975	4 1/4	4.25	Ba
N.Y. State Electric & Gas	1st mtg. bds.	15.0	1985	3 3/8	3.25	A
<u>STATE AND LOCAL GOVERNMENT</u>						
Cook County, Illinois	G.O.	40.0	1956-75	2.54	2.25-2.45	A
State of Tennessee	G.O.	8.6	1966-67	2.19	2.10	A
Monterey Co., Calif.	G.O.	7.0	1957-95	2.70	1.60-2.95	A
N.Y. State Thruway Auth.	G.R.	50.0	1985-95	2.52	2.35-2.50	Aaa
Orleans Parish, La.	G.O.	6.0	1961-95	2.80	2.15-2.85	A

Large Individual Issues Offered October 1 through 21 (Cont'd)

Issuer	Type <u>3</u> /	Amount (millions of dollars)	Maturity	Coupon rate or net inter- est cost	Offering yield	Rating
<u>STATE AND LOCAL GOVERNMENT</u> (Cont'd)						
Philadelphia, Pa.	G.O.	39.9	1957-81	2.58	1.80-2.65	A
Jersey City Sewerage Auth.	Rev.	13.0	1959-93	3.35	2.35-3.35	Baa
Corning, New York	G.O.	5.1	1956-84	2.27	1.45-2.35	Aa
<u>OTHER</u>						
None						

1/ Includes corporate and other security offerings of 15 million dollars and over; State and local government security offerings of 5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

3/ In the case of State and local government securities, G.O. denotes general obligation; Rev., revenue bonds; G.R., general obligations additionally secured by facilities revenues; and, L.L. limited liability obligations secured by pledge of designated revenues.

Forthcoming Large Public Security Offerings for New Capital
(Other than U. S. Treasury) 1/

Expected Proceeds from Forthcoming Large Issues

Date of computation	During month following date shown			Subsequent to date shown		
	Corporate	State and local govt.	Other 2/	Corporate	State and local govt.	Other 2/
1954 - Sept. 30	343	383	—	414	2,158	—
Oct. 29	15	436	—	135	1,957	30
Nov. 30	94	661	30	246	2,632	30
Dec. 31	184	567	—	216	2,144	35
1955 - Jan. 31	16	682	—	422	1,961	—
Feb. 28	710	524	—	1,395	1,978	—
Mar. 31	211	208	—	922	2,009	—
Apr. 29	425	116	—	1,141	1,917	—
May 31	160	339	—	850	1,861	—
June 30	67	344	—	830	1,845	—
July 29	407	100	—	1,135	2,018	—
Aug. 31	222	184	—	920	1,971	—
Sept. 30	805	843	—	909	2,205	—

Forthcoming Large Offerings, as of October 21

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>CORPORATE</u>			
Pacific Gas and Electric	Pfd. stock	25.0	October 25
Long Island Lighting	1st mtg. bds.	15.0	October 26
Southern New England Telephone and Telegraph	Common stock	17.9	October 28
United Gas	1st mtg. bds.	20.0	November 9
New England Telephone & Telegraph	Deb.	30.0	November 15
*National Tea Company	Deb.	15.0	November 15
*Michigan Consolidated Gas	1st mtg. bds	30.0	November 16
*Commonwealth Edison	Common stock	45.0	November 16
Southern Co.	Common stock	30.0	November 22
Southern California Gas	Bonds	40.0	November
New Jersey Bell Telephone	Deb.	25.0	December 14
<u>STATE AND LOCAL GOVERNMENT</u>			
Illinois Turnpike Authority	Rev.	415.0	October 25
Public Housing Authorities Cleveland, Ohio	—	122.3	October 26
	Rev.	9.0	October 27

Forthcoming Large Offerings, as of October 21 (Cont'd)

Issuer	Type	Amount (millions of dollars)	Approximate date of offering
<u>STATE AND LOCAL GOVERNMENT (Cont'd)</u>			
Florida State Board of Education	Rev.	10.6	November 1
State of California	G.O.	60.0	November 2
*Port of New Orleans, Louisiana	G.O.	10.0	November 3
*Hamilton County, Ohio	G.O.	5.7	November 3
Dallas, Texas	n.a.	10.0	November 10
St. Louis Bd. of Education, Missouri	n.a.	6.5	November 15
Omondaga Co. Water Authority, N. Y.	Rev.	12.6	November 15
Territory of Hawaii	n.a.	7.5	November 16
Commonwealth of Massachusetts	n.a.	159.9	November 16
Los Angeles, California	n.a.	20.0	December 6
State of Colorado	n.a.	8.0	December 6
California Toll Bridge Authority	Rev.	46.0	December 13
Connecticut Expressway	Rev.	100.0	1955
Inter-American Center Auth., Fla.	Rev.	25.0	1955
Texas Turnpike Company	Rev.	137.0	1955
Michigan Turnpike Authority	Rev.	186.0	1955-56
California Toll Bridge Authority	Rev.	235.0	1955-56
Louisiana Turnpike Commission	Rev.	100.0	1955-56
Oklahoma Turnpike Authority	Rev.	146.0	1955-56
Pennsylvania Turnpike Commission	Rev.	62.0	1955-56
Washington State Toll Bridge Auth.	Rev.	227.0	1956
<u>OTHER</u>			
None			

n.a.--Not available.

*--Included in table for first time.

1/ Includes corporate and other issues of 15 million dollars and over; State and local government issues of 5 million and over.

2/ Includes foreign government and International Bank for Reconstruction and Development issues.

Yields on New and Outstanding
Electric Power Bonds, Rated Aa and A 1/2

Date	Aa-rated offering yields		A-rated offering yields	
	Actual (per cent)	Amount above seasoned yields (basis points)	Actual (per cent)	Amount above seasoned yields (basis points)
1952 average	3.16	13	3.35	12
1953 average	3.46	16	3.78	26
1954 average	3.03	3	3.12	-3
1954 - January	3.19	6	*3.35	2
February	3.01	-1	*3.20	-1
March	*2.93	0	3.05	-10
April	2.99	5	3.10	-6
May	3.00	4	3.14	0
June	*3.00	1	3.14	-2
July	None	--	*3.13	-1
August	None	--	3.11	-1
September	3.02	3	*3.10	-3
October	3.03	3	3.10	-2
November	None	--	None	--
December	None	--	3.11	0
1955 - January	*3.15	13	None	--
February	*3.14	7	*3.23	9
March	*3.17	8	3.29	14
April	None	--	3.31	16
May	*3.22	10	3.35	14
June	*3.20	7	*3.30	10
July	None	--	None	--
August 31			3.57	30
September 14			3.50	23
21	3.32	10		
October 19	3.25	7		
20			3.25	-7

* Single observation, not an average.

1/ Covers only 30-year first mortgage bonds, as reported in Moody's Bond Survey. Except where indicated, the actual yield figure and the amount above seasoned yields are averages of offerings during the indicated period and of the differences between these new offering yields and yields on seasoned issues of similar quality for the same day. The number of new issues included in the monthly averages varies from 2 to 4 except for October 1954 when 6 issues were included. Average maturity for the seasoned issues varies from 26 to 28 years.